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CENTRAL INTELLIGENCE AGENCY

REPORT NO.

INFORMATION REPORT

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COUNTRY

Yugoslavia

DATE DISTR.

17 July 1951

SUBJECT

Current Situation in Yugoslavia

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SUPPLEMENT TO REPORT NO.

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In a recent conversation Mose Pijade expressed the following sentiments:

- 1. Concerned regarding the international situation about which he is not optimistic, Pijade stated that Korean cease-fire negotiations would drastically influence the world situation. The Russians, however, cannot be trusted because as megalomeniacs they are driven by their own internal difficulties to push forward and to stir up trouble. Pijade is rather concerned over troop movements on the Yugoslav frontier which indicate an accumulation of troops and material "which are certainly not there for friendly purposes."
- 2. Presently engaged in the formulation of legal procedures for the new economic plan, Pijade states the plan is characterized by decentralization and "popularization" of enterprises. There is presently a great need of workers, especially unskilled workers. Many of the latter refuse to take new employment when dismissed from their present jobs and refuse to take positions in backward provinces. Farticipation of foreign capital in Yugoslavia is not presently contemplated by Pijade and its later use would be contrary to the Yugoslav form of socialism. The principal effort of the Government is to develop initiative and independence in collective enterprises which will receive an initial basic allotment of funds and later become self-supporting. The legislation for this new economic plan should be prepared by the end of August.
- 3. A platform providing for "objective, honest discussion of the possibilities to preserve peace" is envisaged by Pijade for the Peace Conference to be held in Yugoslavia in October. He hopes to secure the presence of prominent persons including U.S. labor leaders who will be invited and who Pijade feels have not shown sufficient interest in international affairs.

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1. Comment: Your attention is called to comment of 13 June 25X1A 1951 which reported on Edvard Kardelj's opinion of current agricultural and industrial difficulties being faced by Yugoslavia.

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Comment:

Pijade religiously follows Marxism and is unable to adapt himself to the actuality that management of collective enterprises requires years of experience before responsibility for handling the national economy can be assumed. The Yugoslav Communist Party hierarchy has divided on this subject and discussions are continuing among its members. Some unidentified leaders, lacking confidence in collective enterprises, have 25X1X expressed preference for a slower speed toward industrialization. Meanwhile the number of university students has been reduced in order to prevent the development of too large groups of intellectuals. Those clerks and employees discharged from offices are now under pressure to enter industry and mining.

